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SUMMARY RECORD OF THE 4th MEETING

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on Wednesday, 20 June 2001, at 3 p.m.

President: Mr. HOSSEINI (Islamic Republic of Iran)

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The meeting was called to order at 3.30 p.m.

INDUSTRIALIZATION OF THE LEAST DEVELOPED COUNTRIES (IDB.24/16 and Add.1)

1. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, said that the current globalization process risked marginalizing a number of developing countries. Sustainable industrial development could play a significant role in the achievement of the goal set in the United Nations Millennium Declaration, to which the Director-General's report (IDB.24/16 and Add.1) referred. The Group of 77 and China commended the participation by the Secretariat in the preparations for the Third United Nations Conference on the Least Developed Countries (LDC III) and in the Conference itself. UNIDO should continue the follow-up process in the interests of poverty alleviation.

2. With regard to country-specific activities, he noted that, in spite of a decline of \$2.4 million in total technical cooperation delivery to the least developed countries (LDCs) in the year 2000, the increase in donor funds—up by \$2.3 million from March 1999—would at least enable the level of delivery to be maintained in 2001.

3. **Ms. LINDHOLM** (Sweden), speaking on behalf of the European Union and the candidate countries Bulgaria, Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, said that the Union appreciated the Secretariat's active participation in LDC III, which had clearly demonstrated the need to address supply-side constraints and the strengthening of productive capacities in order to integrate LDCs into the global economy and fight poverty. It was important that UNIDO should play an active and visible role in the fight for poverty eradication. It should therefore continue to focus its activities on achieving the targets listed in the United Nations Millennium Declaration. In particular, given the disturbingly slow development rate of LDCs, UNIDO should concentrate on Africa, where the majority of LDCs were to be found. Special attention should be paid to vulnerable groups, such as women, in order to reduce poverty.

4. The European Union welcomed the interest shown by Member States in some of UNIDO's integrated programmes for LDCs. The Organization's other programmes, however, especially "stand-alone" projects, should also focus increasingly on the needs of the poorest countries.

5. **Mr. PAULINICH** (Peru), speaking on behalf of the Latin American and Caribbean Group (GRULAC), said that the help provided by UNIDO to the LDCs to facilitate their integration into the world economy and

eradicate extreme poverty through sustainable industrial development was crucial. The integrated technical cooperation programmes played a particularly important role, since they promoted productive capacity, strengthened industrial development and encouraged technology transfer. UNIDO should continue with such programmes, which could give a new impetus to developing countries, hampered as they were by chronic recession and a progressive loss of competitiveness. UNIDO should systematize successful experiences and models of sustainable industrial development, taking account of the specific conditions in each country, so that strategic alliances with other international or regional bodies could be established. GRULAC called on all Member States to contribute to the mobilization of the funds needed to implement the integrated programmes.

6. **Mr. DE JESUS FIGUEIREDO** (Observer for Angola), speaking on behalf of the African Group, commended the Secretariat's participation in LDC III and urged that the appropriate follow-up actions should be taken to ensure the implementation of the Programme of Action. As for country-specific activities, increased efforts should be made to implement the integrated programmes, which had been impeded by financial constraints. More activities should be undertaken in countries in especially urgent need of assistance. The African Group also requested developed countries to increase their voluntary contributions to programmes and projects in LDCs.

7. **Mr. ZHANG Yishan** (China) said that his Government had always supported UNIDO's efforts to help LDCs develop their economies, achieve industrialization and eradicate poverty. He noted with pleasure that the year 2000 had seen improved cooperation with LDCs, together with more integrated programmes, stronger field representation, global forum activities, the promotion of industrial investment and the training of personnel. Increasing globalization, however, put developing countries—and particularly LDCs—at a disadvantage, owing to the shortage of development funds, the debt burden and worsening terms of trade. UNIDO should therefore play a stronger role, adopting effective measures to mobilize more resources for both integrated programmes and stand-alone projects to promote sustainable industrial development. LDCs could then enhance their competitive capabilities and improve their quality of life through gradual integration into the global economy. He urged developed countries to demonstrate their political will by putting into effect their commitments made at the United Nations Millennium Assembly, implementing the Programme of Action of LDC III and helping LDCs emerge from poverty.

8. **Ms. PHEKO** (Lesotho) said that Africa was a large continent with four distinct regions. It had been stated that the bulk of UNIDO resources under integrated programmes went to Africa, but in fact the assistance in question went only to west Africa. Countries such as hers, in southern Africa, were faithfully paying their dues so that other African regions could benefit. Those dues came from very poor taxpayers who were looking to UNIDO to alleviate their poverty, yet programmes to benefit southern Africa were shelved. She wondered how long that region would have to wait.

9. **Mr. AYELE** (Ethiopia) said that the issues raised by the Group of 77 and China and, in particular, by the African Group, should be seriously addressed. It was a matter of real concern that African representation in the general and higher management of UNIDO was in decline, which reflected UNIDO's attitude to Africa. It was for that reason that the Organization of African Unity Summit of Heads of State and Government and the Council of Ministers had unanimously decided to submit an African candidate for the post of Director-General.

10. UNIDO should stress LDCs, which were mostly located in Africa, in its efforts to alleviate poverty and integrate countries in the global economy. Although over half the integrated programme in Ethiopia was funded, for which he expressed appreciation to donors and the UNIDO team, the general decline in the delivery of technical cooperation programmes to LDCs in 2000 was a matter of concern. Moreover, a significant number of the funded programmes were only preparatory and the funding for some major substantive programmes was not yet secured. Obviously, the preparatory parts of programmes made no impact on their own; they must be followed up by the implementation of the substantive element. Sustained efforts must therefore be made to mobilize funding for the implementation of the substantive programmes. The cooperation of donors and funding agencies was crucial. Lastly, he expressed concern over the slow progress in decentralizing UNIDO activities to the field. Although it had been long ago decided to transform the country office in Ethiopia into a subregional office, action on the ground had yet to be taken.

11. **Mr. ABDULAATI** (Libyan Arab Jamahiriya) said it was very important that UNIDO should continue to focus on the industrialization of LDCs, especially in Africa, where most of them were located. Although in 2000 UNIDO had succeeded in laying the foundations for a number of projects in African LDCs, the shortage of available resources was a matter for concern. He therefore urged the Organization to find new ways of mobilizing resources. Donor countries, meanwhile, should maintain their commitment to providing assistance for LDCs. African countries, too, should

continue their cooperation with UNIDO in the interests of industrializing the continent. The presence of a number of African ministers testified to the wide support enjoyed by UNIDO on the continent. Lastly, he urged UNIDO to continue its support for the Second Industrial Development Decade for Africa, which was due to end in 2002.

12. **Mr. MELAGA** (Observer for Cameroon) noted that UNIDO had continued to give priority to Africa through the drawing up of new integrated programmes and the intensified implementation of existing programmes, the opening of the Regional Industrial Development Centre in Nigeria to provide technical support for the countries of west and central Africa, the promotion of industrial investment and global forum activities. However, those activities would produce results only if the necessary funds were available. He therefore appealed to the international community to provide greater international support for UNIDO's activities. The Director-General's report also showed that the African countries had continued their efforts to end their marginalization. In that context, the Bureau of the Conference of African Ministers of Industry (CAMI) had considered two basic questions at its second meeting at Dakar in November 2000. The first was what mechanism could be found, following the end of the Second Industrial Development Decade for Africa, to promote the cause of Africa in the context of an international economy dominated by the phenomenon of globalization. Secondly, it had wondered how the role of CAMI could be strengthened to enable it to take the lead in the industrialization of Africa by proposing industrial policies and mobilizing financial resources. The question would be further considered at the fifteenth session of CAMI to be held at Yaounde in October 2001. An agreement between his Government and UNIDO concerning the organization of the session, to which all participants in the twenty-fourth session of the Board were cordially invited, had already been signed.

13. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division), acknowledging the appreciation which had been expressed for the Secretariat's action in all the activities related to LDC III, held in Brussels in May 2001, said that UNIDO's participation had been extensive and, due largely to its involvement, the building of productive capacity had been brought to the forefront as a theme, because the LDCs could not have market access unless they had inbuilt productive capacity. That recognition was a considerable achievement for the Secretariat, which would keep the Board informed of follow-up activity to LDC III.

14. The least developed countries and Africa had been the main focus of UNIDO's activities. Fifteen of UNIDO's integrated programmes were in LDCs and

their total value was \$74.9 million, for which \$31.1 million had been authorized in a period of two years. Of the 14 integrated programmes in Africa, 9 were in LDCs.

15. With regard to Africa being marginalized, he said that as far as the integrated programmes were concerned, as directed by the Business Plan on the Future Role and Functions of UNIDO and by Member States, the Secretariat had been emphasizing projects in Africa, and especially in LDCs.

16. UNIDO was fully involved in the CAMI process, but some adjustment would have to be made because one of the partners would be leaving CAMI. Nevertheless, UNIDO's support for the CAMI process would continue because the Organization's business was mostly in Africa and in the LDCs.

ADMINISTRATIVE MATTERS (IDB.24.13; IDB.24.CRP.4)

17. **Mr. AYELE** (Ethiopia), supported by **Mr. DE JESUS FIGUEIREDO** (Observer for Angola), speaking on behalf of the African Group and referring to appendix L of the Annual Report 2000 (IDB.24.2), said that the continuing marginalization of Africa could be seen when one analysed the structure of the Secretariat. There were three managing directors at the D-2 level, none of whom were from Africa. None of the higher-level posts in the Office of the Director-General were occupied by Africans. There were only three African managers in the Secretariat at D-1 and P-5 level; two former African managers had been replaced by staff members from other regions. Appendix L of the Annual Report did not reflect the reality, and its analysis was ambiguous. In short, Africa was not represented at management levels.

18. Ethiopia fully shared the view that qualification should come before geographical distribution if UNIDO was to be a strong organization which could discharge its responsibilities effectively, but recent events had clearly shown that qualified Africans were marginalized. It was time for a change. African representatives, five of whom were ministers of industry, requested the full support of Board members for the candidacy of Mr. Ablasse Ouédraogo of Burkina Faso for the post of Director-General. Mr. Ouédraogo, who was currently Deputy Director-General of the World Trade Organization, had served and occupied various posts in other international development organizations, including UNIDO, and had served his country for a long period as Minister for Foreign Affairs. His qualifications and extensive relevant experience were the sole reason why the summit meeting of the Organization of African Unity had endorsed his candidacy.

19. Finally, Ethiopia requested that the Business Plan and other commitments given to Africa be implemented in deeds.

20. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, said that the Secretariat's Professional category posts played an important and pivotal role in developing and advancing UNIDO's goals. In that light, the Group of 77 and China called upon the Secretariat to make every effort to ensure equitable geographical distribution of the Professional staff in the Secretariat. They also requested the Secretariat to make efforts to achieve a better gender balance, especially among the Professional staff. In addition, they recommended the Secretariat to distribute vacancy announcements to Member States at least two months before the application deadline, so as to give them reasonable time to find an appropriate candidate for the position concerned.

21. **Mr. TOUQ** (Observer for Jordan), speaking on behalf of the Asian Group, said that the Group strongly believed that transparency in recruiting Secretariat staff was essential in view of the fact that the staff in the Professional category played a pivotal role in advancing UNIDO's goals. In that regard, the Group urged the Secretariat to make every possible effort to achieve as broad a distribution of Professional staff positions as possible among Member States. The Group also asked that efforts should be made to achieve a better gender balance, especially among the Professional staff, and that vacancy announcements should be distributed at least two months before the application deadline so as to give States reasonable time to find appropriate candidates.

22. **Mr. ABE** (Japan) said that his Government supported the revision of the staff rules and regulations as described in document IDB.24.13. Concerning the candidates for the election of two members and two alternate members of the UNIDO Staff Pension Committee for the biennium 2002-2003, his delegation would be ready to renominate Mr. Yuji Amamiya, first secretary of the Permanent Mission of Japan, as well as the present members of the Committee, if no other candidate was presented from other Member States.

23. **Mr. CHOI Sang-duk** (Republic of Korea) said that his delegation supported the continuing reform efforts aimed at making UNIDO an ever more relevant and result-oriented organization, and in particular wished to encourage UNIDO to undertake an overhaul of its financial and human resources management. In addition, his delegation believed that transparency in recruiting Secretariat staff was of the utmost importance, as its Professional staff played an essential

role in promoting the Organization's goals. His delegation asked the Secretariat to maintain the geographical distribution of the Professional staff and seek to achieve as broad as possible a distribution of Professional staff positions among the Member States.

24. **Mr. ABDULAATI** (Libyan Arab Jamahiriya) supported UNIDO's administrative reform process and called for its continuation in close cooperation with Member States. He reiterated his country's full support for administrative rationalization, while noting with deep concern the drop in the level of African representation and the absence of women in higher-level Secretariat posts. He drew the Secretariat's attention to the need to inform Member States of vacancy announcements well in advance in order to enable them to present candidates in time.

25. **Mr. MOHANTY** (Managing Director, Field Operations and Administration Division) said that the Constitution of UNIDO required that the paramount consideration in the employment of staff and in determining conditions of service should be the necessity of securing the highest standards of efficiency, competence and integrity. It also stated that due regard should be paid to the importance of recruiting staff on a wide and equitable geographical basis. For a technical, specialized agency, the prime consideration was the requirement of the job, and when that was satisfied the question of geographical distribution could be considered. As of 1 May 2001, UNIDO had 247 Professional staff, both at Headquarters and in the field. Of those, 13 per cent were from the Asia-Pacific region, 14 per cent were from Africa, 11 per cent were from Latin America and the Caribbean and 13 per cent were from Eastern Europe and the Newly Independent States; 44 per cent were from the Western European and Other States and 5 from non-member States. As for senior posts at the D-2 and D-1 levels, the Asia-Pacific region had 5, Africa had 6, Latin America and the Caribbean had 7 and Eastern Europe and the Newly Independent States had 4; the Western European and Other States had 18 and non-member States 1. There was little distinction between the representation of Africa and the representation of other developing regions. The region with the highest representation was where the levels of competence and technical sophistication were highest and where the States concerned were the Organization's major sources of funding. Those factors had influenced staffing, although they would change over time. In any event, the situation was fluid. Subject to the condition that a candidate was technically qualified, the Secretariat tended to give preference to a candidate from a region that was under-represented. Recruitment by the

Secretariat should be absolutely transparent. All posts were filled through vacancy announcements, which appeared immediately on UNIDO's web site and copies of which were immediately sent to embassies. The normal deadline was three weeks, and applications were subject to an elaborate screening process to ensure that selection was as fair and objective as possible.

ACTIVITIES OF THE JOINT INSPECTION UNIT (IDB.24/18)

26. **Mr. SHOUKRY** (Egypt), speaking on behalf of the Group of 77 and China, said that the Group had taken note of document IDB.24/18, bearing in mind United Nations General Assembly resolution 50/233, which set forth the principle that the impact of the Joint Inspection Unit (JIU) on the cost-effectiveness of activities within the United Nations system was a shared responsibility of the Member States, JIU and the various secretariats. The Group agreed to the establishment of the system of follow-up to approved JIU reports through policy-making organs, and was of the opinion that a mechanism should also be established so that Member States might have a role in implementation of the JIU report.

27. **Mr. PAULINICH** (Peru), speaking on behalf of the Latin American and Caribbean Group, said that the importance of internal and external oversight activities should be highlighted, and in that regard JIU had a central role as an external monitoring body for the United Nations system. GRULAC wished to underline the principle contained in General Assembly resolution 50/233 that the impact of JIU on the cost-effectiveness of activities was a shared responsibility of the Member States, JIU and the secretariat concerned. GRULAC welcomed the pilot scheme described in document IDB.24/18 for follow-up to JIU recommendations. The Group drew particular attention to paragraph 2 of the document, which stated that the provisions of the JIU statute and the follow-up system contained in document A/52/34 constituted the basic framework for the handling of JIU reports.

28. Speaking as the representative of Peru, he said that his delegation had taken note of document IDB.24/18 and felt that the Board should endorse the pilot scheme on the understanding that it would be reviewed in the light of results obtained in practice. Peru believed that such a review should be undertaken in consultation with JIU and with the participation of Member States.

29. **Mr. ABE** (Japan) said that there were problems in the management of UNIDO, as had been pointed out by

JIU, the External Auditor and others concerned. The Board should seriously address those problems, and in that context his Government considered that the use of JIU reports was of great importance. By giving them serious consideration, UNIDO should be able to improve transparency, consistency and the efficiency of its management. For that reason, his Government welcomed and supported the pilot scheme on the basic framework for the handling of JIU reports outlined in document IDB.24/18, and hoped that it would prove a good way of solving managerial problems in UNIDO. The Government of Japan urged the senior management of UNIDO to face up to that task.

30. **Mr. KUYAMA** (Joint Inspection Unit), thanking previous speakers for their positive comments on document IDB.24/18, said that once the pilot scheme was implemented it was expected to enhance the cost-effectiveness and impact of JIU activities, and should serve as a model for organizations that had not yet adopted such a scheme.

MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS (IDB.24/24 and Add. 1)

31. **The PRESIDENT** said that, in accordance with the guidelines for consultative status for non-governmental organizations (NGOs), the Bureau had examined the applications contained in document IDB.24/24 and Add.1 and found them to be in order. On behalf of the Bureau, he would therefore be presenting a draft decision on the subject to the plenary for its consideration.

32. **Mr. ABE** (Japan) said that his Government attached great importance to coordination with States, international organizations and NGOs, and therefore supported the implementation of UNIDO programmes in cooperation with the Japan International Cooperation Agency (JICA). Japan would encourage UNIDO to promote such cooperation further in order to utilize limited funds effectively.

The meeting rose at 4.40 p.m.